



**MINISTRY OF DEVELOPMENT,
REPUBLIC OF TURKEY**

COMMENTS ON THE INDUSTRIAL POLICY: THE CASE OF TURKEY

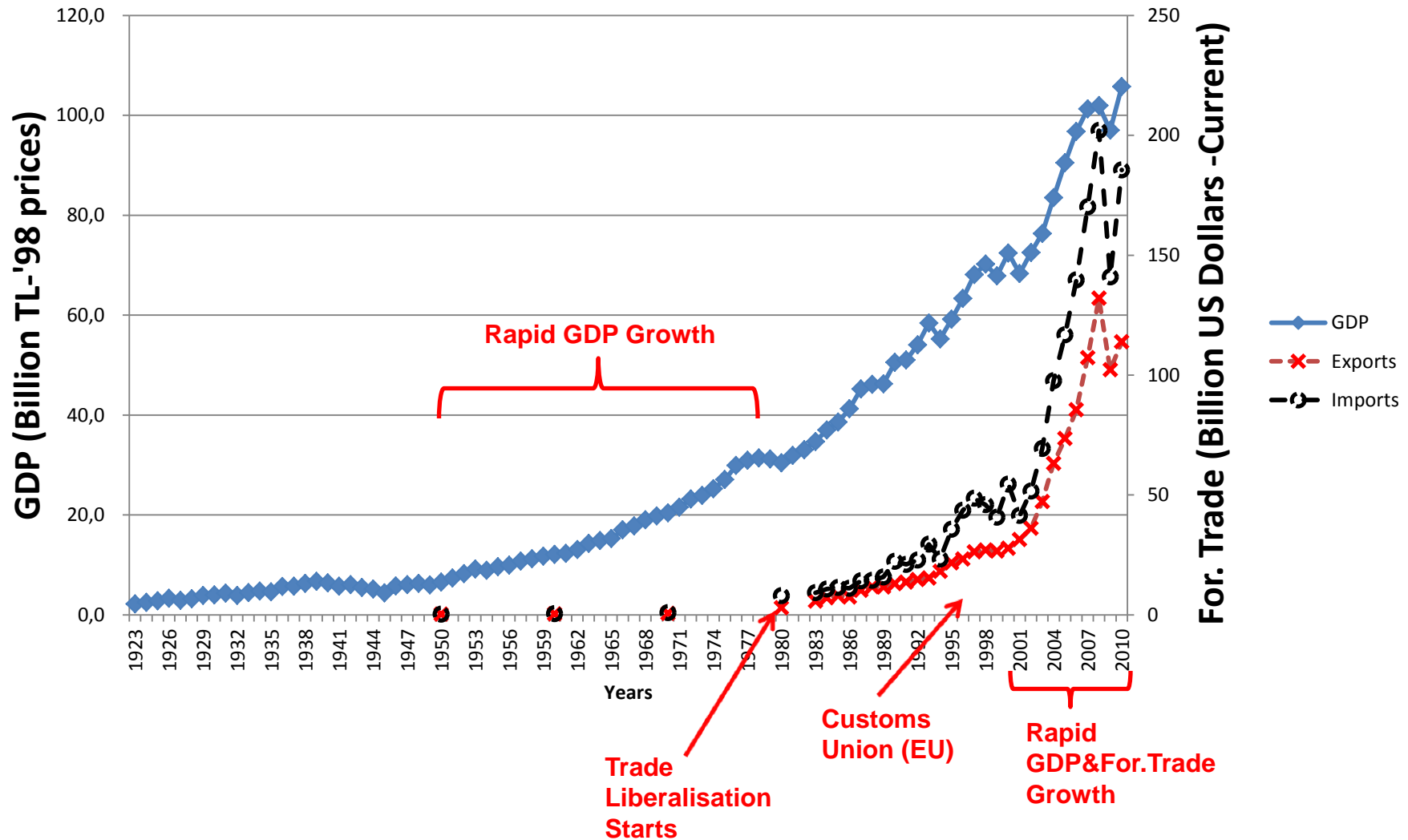
Umut GÜR

Head of Department of Industry

10 May 2013

Panel on Industrial Policies, TEPAV, Ankara

GDP (1923-2010), EXPORTS AND IMPORTS (1950-2010) OF TURKEY



9th DEVELOPMENT PLAN – I

- The manufacturing industry is aimed to be the main sector to drive economic growth, within an outward oriented structure.
- The facts that international trade has been further liberalized, world trade has rapidly gone up in information and technology intensive products, competitive advantage in labor-intensive goods has been overtaken by certain countries, necessitates our country's **positioning in upper and higher value-added fields of world industrial production value chain** and thus **transformation of the industrial production structure**. In this context, in order to increase competitiveness of the economy and obtain a larger share from world exports, increasing the production of high value-added goods is aimed.
- The main objective is to increase the **production of high value-added goods** with the aim of raising the competitiveness of the economy and obtaining a higher share from world exports.

9th DEVELOPMENT PLAN – II

- **In traditional sectors**, transformation to a structure, which will cope with international competition, will be supported by focusing **on high value-added products and activities**.
- It will be ensured that Turkey becomes one of the important **production centers in medium and high technology sectors** of automotive, white goods, machinery and electronics.

TURKISH INDUSTRIAL STRATEGY DOCUMENT (2011-2014)

- Vision
 - Becoming the production base of Eurasia in medium- and high-tech products
- Overall Aim
 - Increasing the competitiveness and efficiency of Turkish Industry and expediting the transformation to an industry structure which has more share in world exports, where mainly high-tech products with high added value are produced, which has qualified labor and which at the same time is sensitive to the environment and the society.
- Strategic Objectives
 - **Increasing the weight of companies (strong) that can continuously improve their skills.**
 - **Increasing the weight of mid- and high-tech sectors in production and exports.**
 - **Transition to high added value products in low-tech sectors.**



INDUSTRIAL POLICIES AND SECTORAL STRATEGIES

Sectoral Strategy Documents

- In effect
 - Turkish Automotive Industry Strategy Document and Action Plan (2011-2014)
 - Turkish Machinery Industry Strategy Document and Action Plan (2011-2014)
 - Turkish Iron&Steel and Non-ferrous Metals Industry Strategy Document and Action Plan (2012-2016)
 - Turkish Chemicals Industry Strategy Document and Action Plan (2012-2016)
 - Turkish Ceramics Industry Strategy Document and Action Plan (2012-2016)
 - Turkish Electric and Electronics Industry Strategy Document and Action Plan (2012-2016)
- Final Draft
 - Turkish Pharmaceutical Industry Strategy Document and Action Plan
 - Turkish Textiles, Clothing, Leather and Leather Products Industry Strategy Document and Action Plan

2023 TURKISH EXPORTS STRATEGY

- ✓ To reach USD 500 billions of exports by 2023.
- ✓ To increase the share of exports of Turkey in world exports to 1.5 % by 2023.

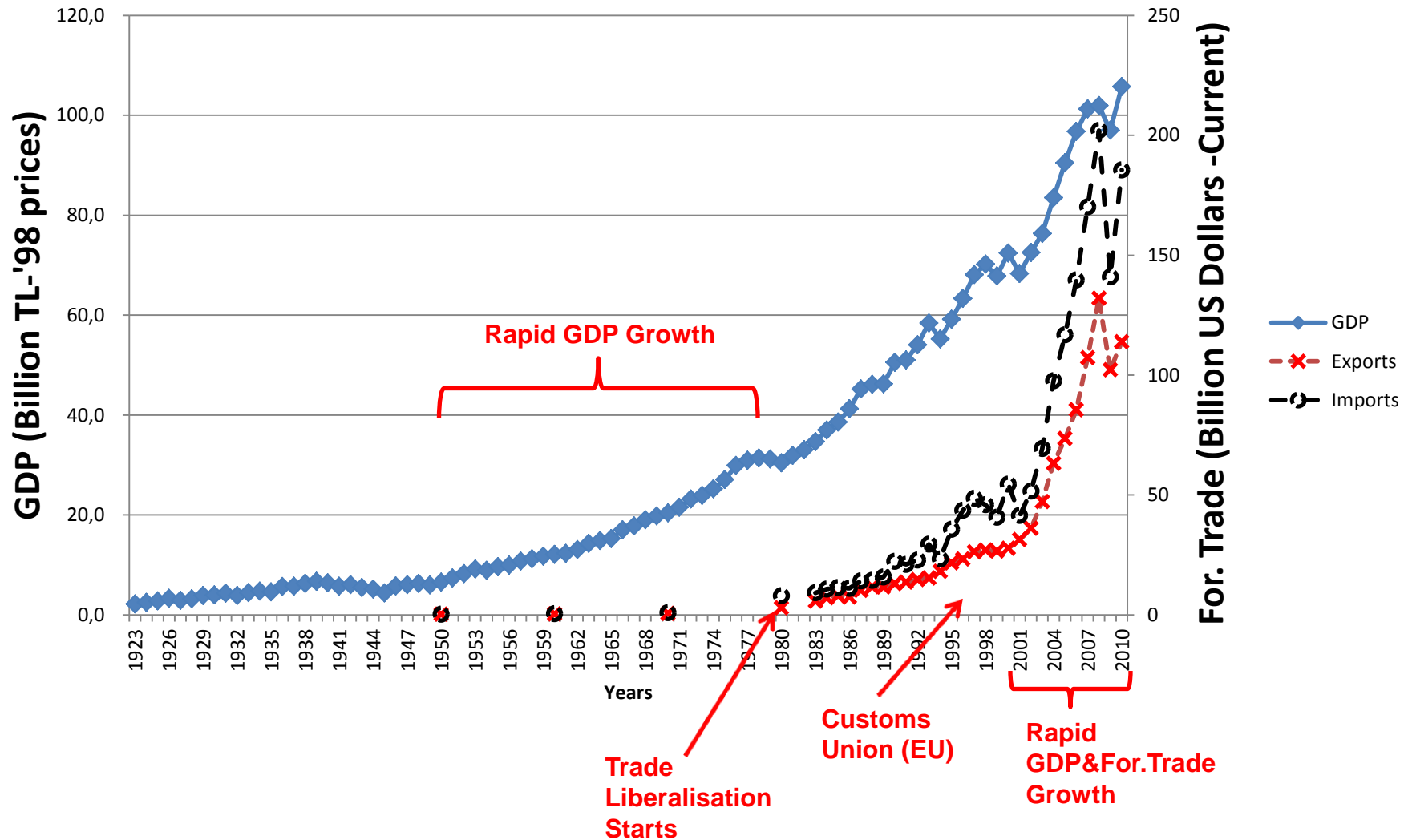
INPUT SUPPLY STRATEGY

- ✓ To reduce possible uncertainties pertinent to the supply of manufacturing inputs and achieve cost-effectiveness to ensure competitiveness and sustainable increase in exports.

The Coordination Council for the Improvement of the Investment Environment (YOİKK) - I

- YOİKK aims to rationalize the regulations on investments in Turkey, develop policies by determining the necessary arrangements that will enhance the competitiveness of the investment environment, generate solutions to the administrative barriers encountered by the domestic and international investors in all phases of the investment process including the operating period.

GDP (1923-2010), EXPORTS AND IMPORTS (1950-2010) OF TURKEY



TURKEY'S COMPETITIVENESS

Indicator	2007	2008	2009	2010	2011	2012
Number of Countries	131	134	133	139	142	144
Global Competitiveness Index	53.	63.	61.	61.	59.	43.
Basic Requirements	63.	72.	69.	68.	64.	57.
Efficiency Enhancers	51.	59.	54.	55.	52.	42.
Innovation and Sophistication Factors	48.	63.	58.	57.	58.	50.

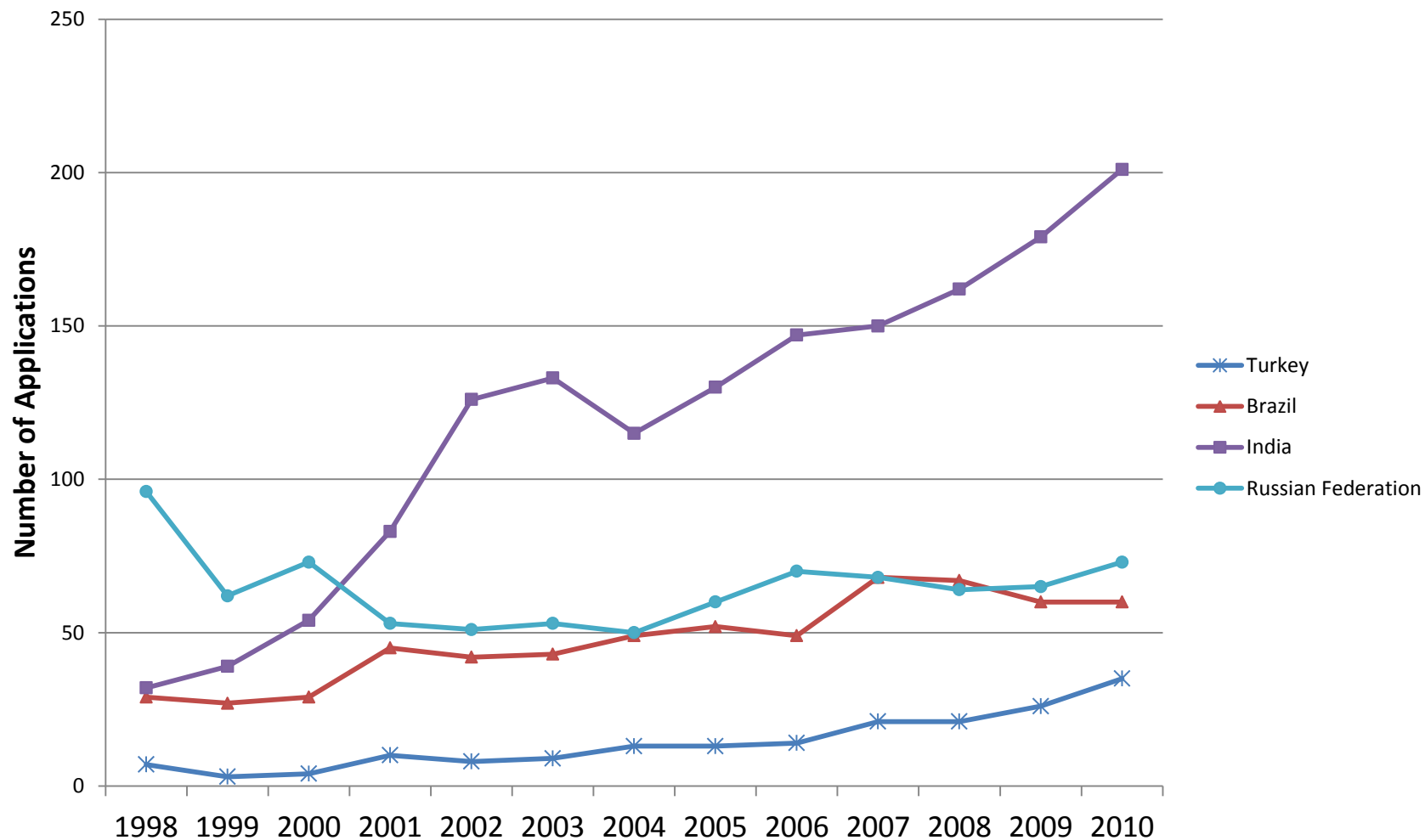
Source: The World Economic Forum, The Global Competitiveness Reports

TURKEY'S COMPETITIVENESS

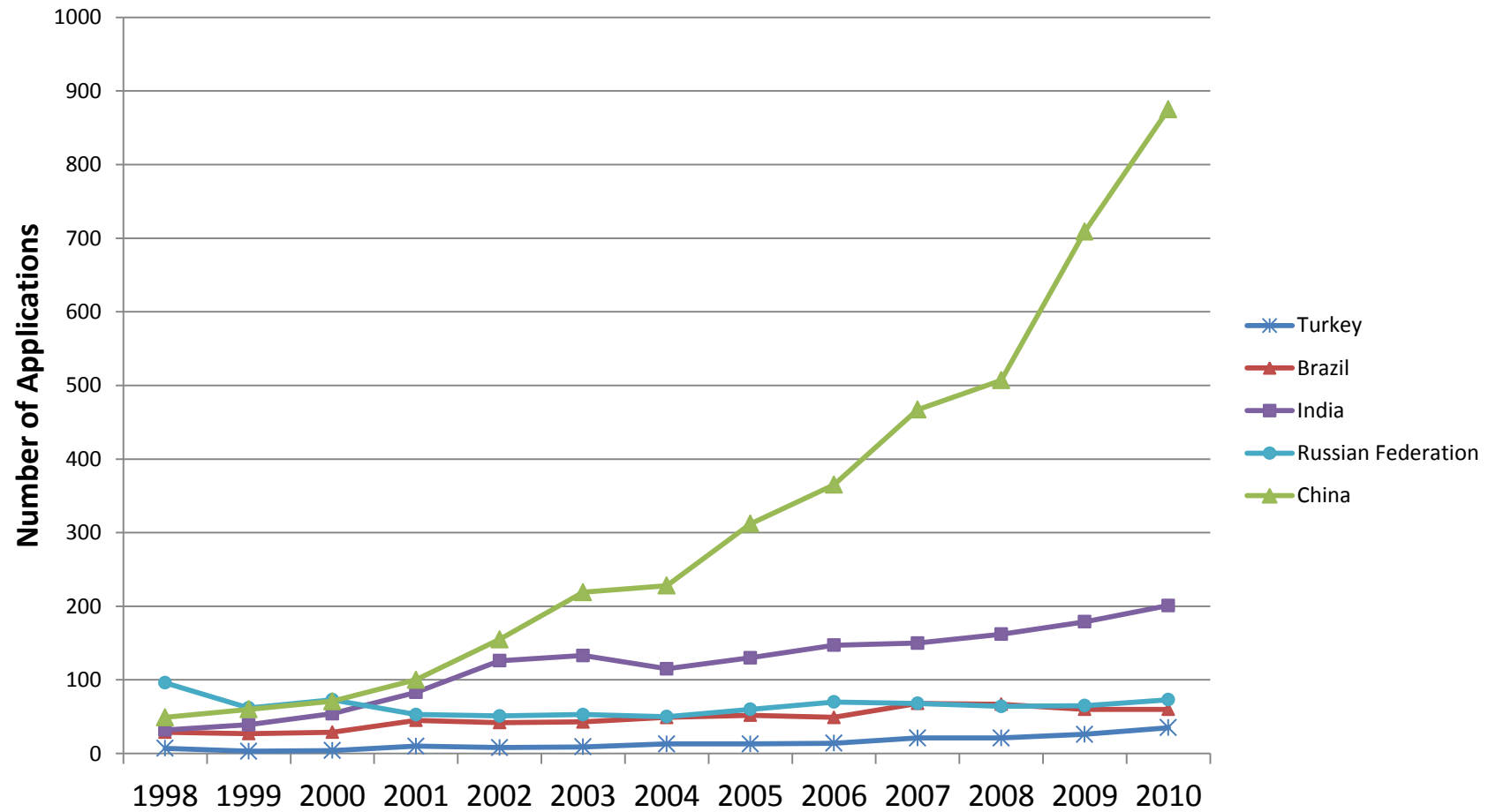
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Institutions	55.	80.	96.	88.	80.	64.
Infrastructure	59.	66.	62.	56.	51.	51.
Macroeconomic Environment	83.	79.	64.	83.	69.	55.
Health and Primary Education	77.	78.	74.	72.	75.	63.
Efficiency Enhancers	51.	59.	54.	55.	52.	42.
Higher Education and Training	60.	72.	73.	71.	74.	74.
Goods Market Efficiency	43.	55.	56.	59.	47.	38.
Labor Market Efficiency	126.	125.	120.	127.	133.	124.
Financial Market Development	61.	76.	80.	61.	55.	44.
Technological Readiness	53.	58.	54.	56.	55.	53.
Market Size	18.	15.	15.	16.	17.	15.
Innovation and Sophistication Factors	48.	63.	58.	57.	58.	50.
Business Sophistication	41.	60.	52.	52.	58.	47.
Innovation	53.	66.	69.	67.	69.	55.

Source: The World Economic Forum, The Global Competitiveness Reports

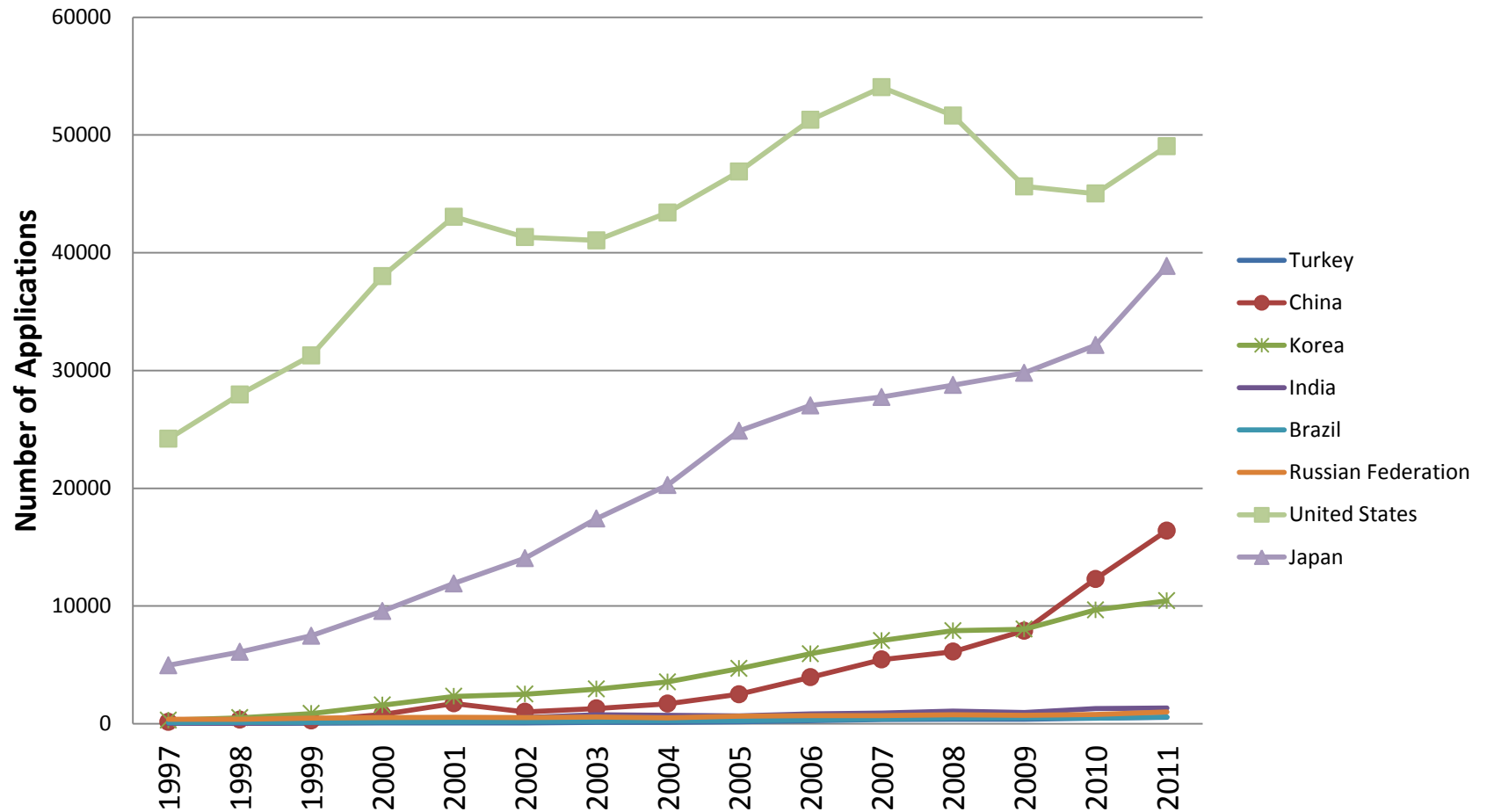
TRIADIC PATENT APPLICATIONS



TRIADIC PATENT APPLICATIONS



INTERNATIONAL PATENT APPLICATIONS



Source: WIPO Statistics Database, October 2012

INVESTMENT AND BUSINESS ENVIRONMENT

Turkey's Rank with respect to Ease of Doing Business *Composite* Indicator

Year	2005	2006	2007	2008	2009	2010	2011	2012
Number of Countries	155	175	178	181	183	183	183	183
Rank	93	84	57	59	73	65	71	71

Source: World Bank, Doing Business Reports

Technology Intensity of Manufacturing Industry (Production and Exports)

Technology Intensity ⁽¹⁾	Turkey						EU
	Production			Exports			Exports ⁽²⁾
	2002	2007	2012 ⁽³⁾	2002	2007	2012 ⁽⁴⁾	2011
High	5,1	4,2	3,6	6,2	4,5	3,7	19,8
Mid-High	18,2	24,3	28,9	24,3	32,5	31,4	41,1
Mid-Low	26,7	32,4	30,2	22,8	30,3	31,5	20,5
Low	50,0	39,1	37,3	46,8	32,7	33,5	18,6
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: TÜİK, OECD STAN DataBase

(1) Based on OECD Science, Technology and Industry Scoreboard Classification

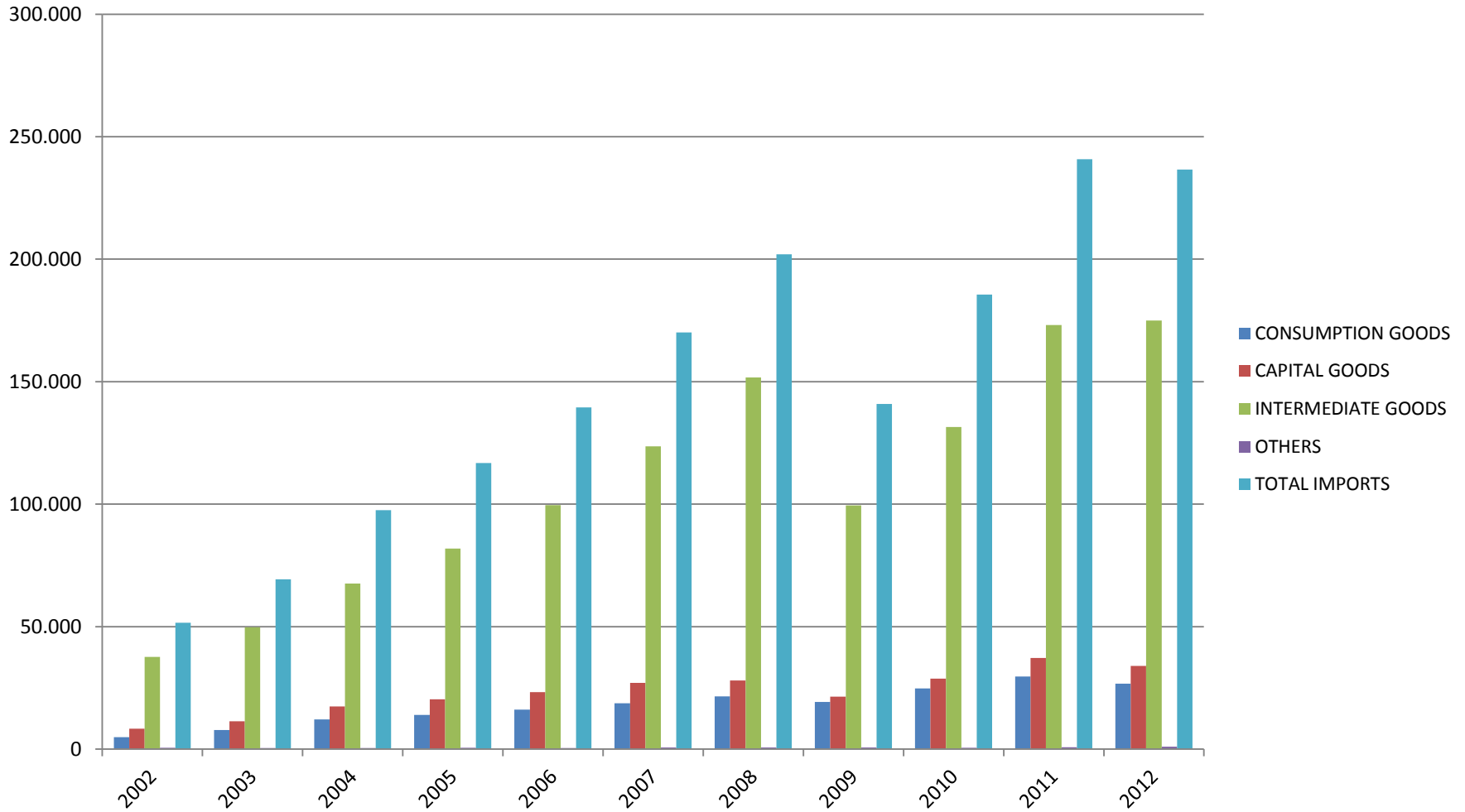
(2) OECD members EU countries

(3) Ministry of Development Predictions based on 2009 prices.

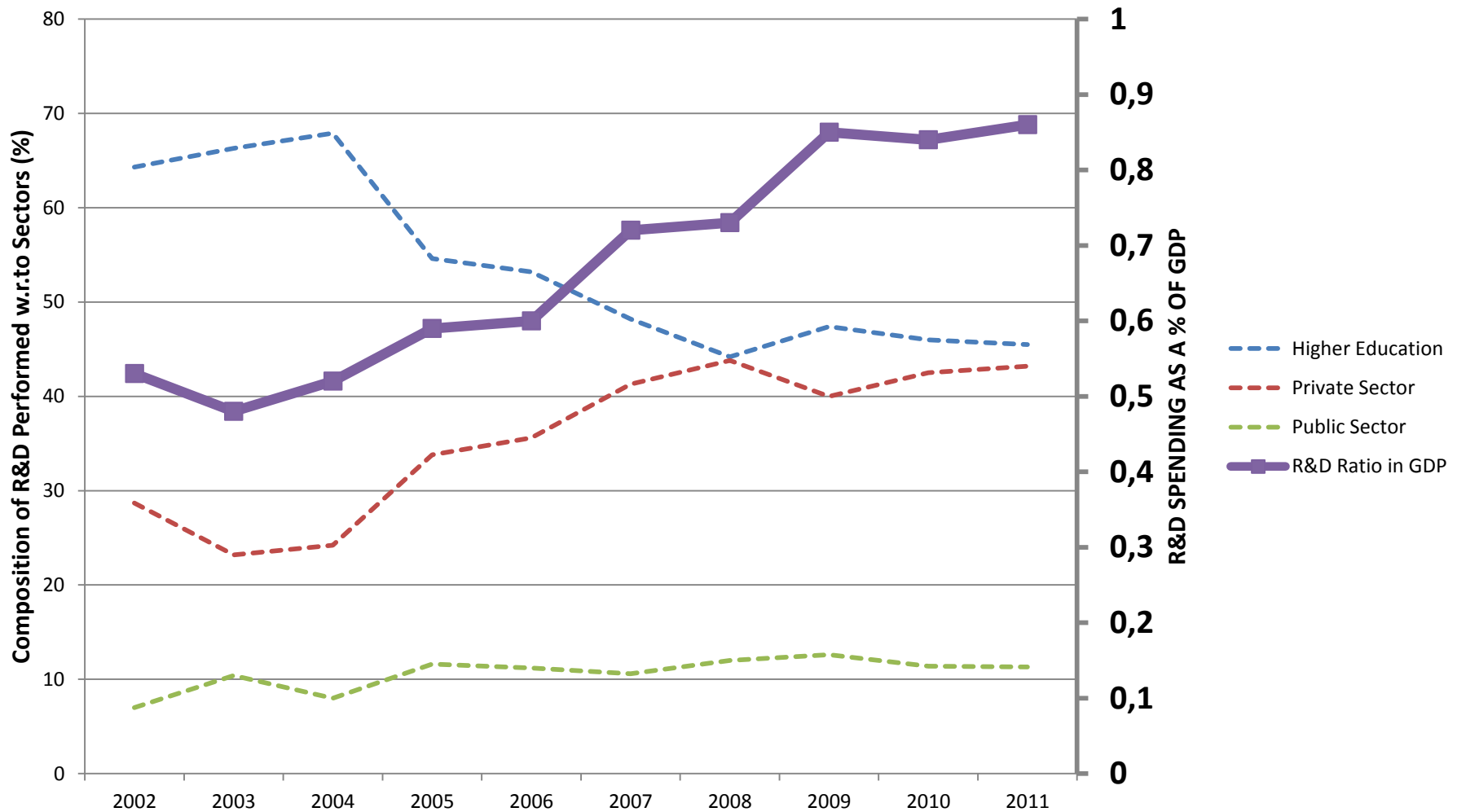
(4) Gold Exports excluded

IMPORTS

(Broad Economic Categories)



R&D AS A PERCENTAGE OF GDP AND BY PERFORMING SECTOR

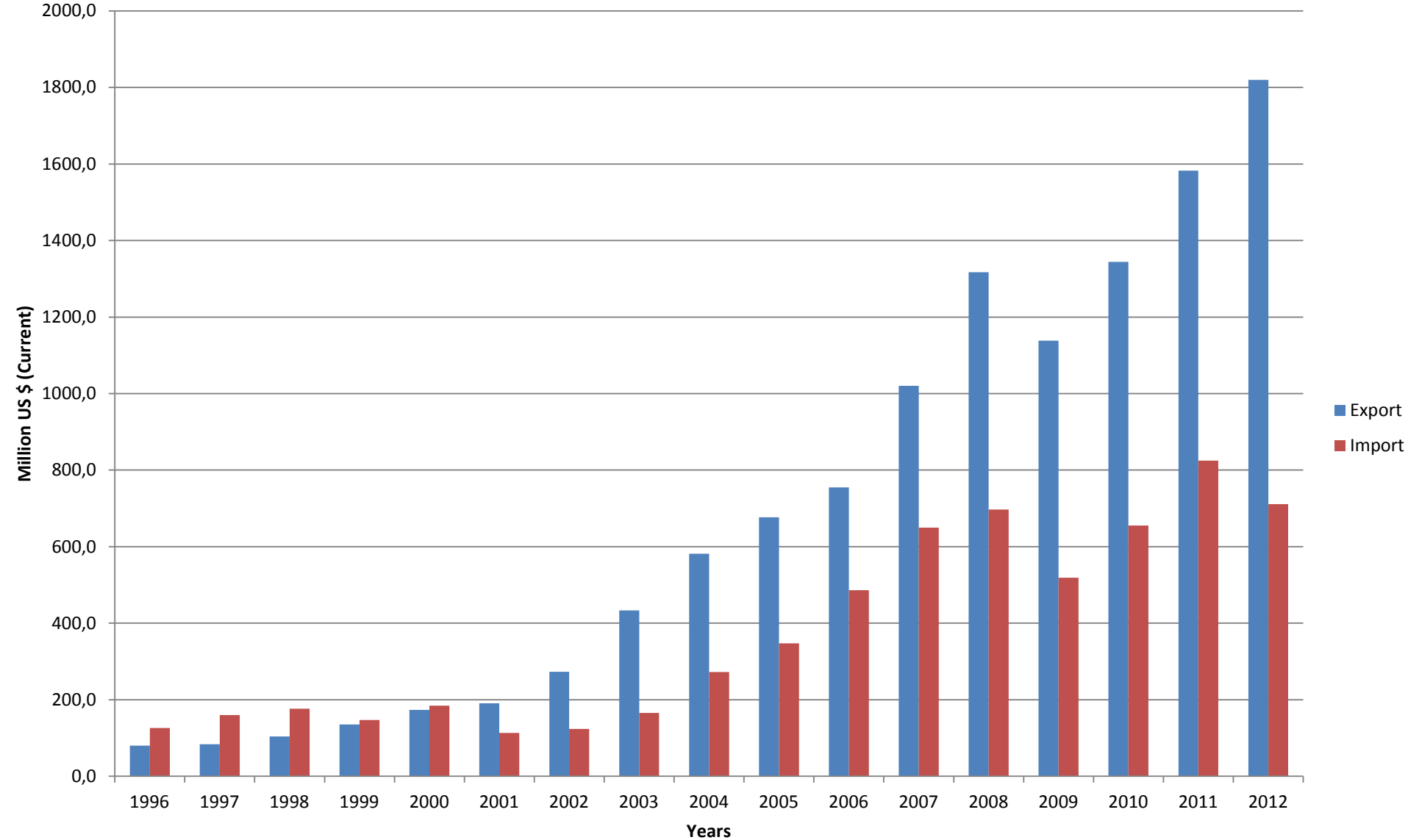


INTELLECTUAL PROPERTY RIGHTS (Number of Applications to Domestic Office)

	1995	2012	1995-2012
Trademarks	16.194	111.137	12,0%
Industrial Designs	2.914	41.220	16,9%
Patents	1.690	11.599	12,0%
Utility Models	41	3.788	30,5%

- What is at the
 - Firm Level?
 - The System Level?

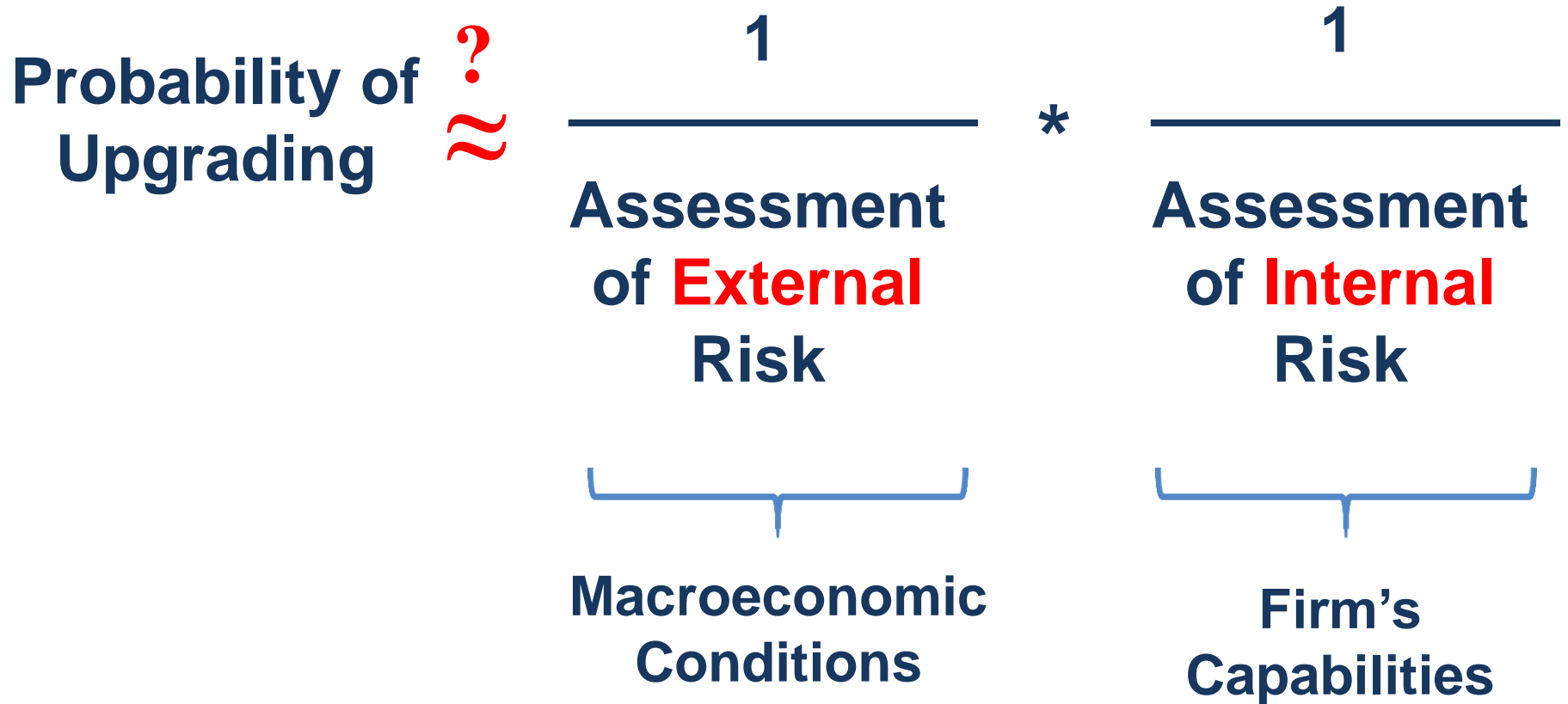
EXPORTS AND IMPORTS OF TURKISH FURNITURE INDUSTRY (1996-2012)



Upgrading Patterns in a Sample of Turkish Furniture Firms

Firm	1950's	1960's	1970's	1980's	1990's	2000's	2010's
A							
B							
C					Fn	Pd	
D				Fn			
E				Fn			
F						Fn Pd Pc	
G						Fn Pd Pc	
H						Ch Pd Pc Fn	
I				Pc Pd	Fn	Pd Pc Fn	
J		Ch			Pc	Ch Pc Pd Fn	
K				Fn Pc	Pd Fn	Pc Pd Fn	Pd Fn
Pc: Process Upgrading, Pd: Product Upgrading, Fn: Functional Upgrading, Ch: Chain Upgrading							

Upgrading at the **Firm Level**:



The Coordination Council for the Improvement of the Investment Environment (YOİKK) - I

- **In order to rationalize bureaucratic procedures and reduce red tape, a comprehensive reform program was launched in 2001 and renewed in 2012, by Council of Members Leading Decision.**
- **Reform program is being implemented by two platforms:**
 - **Investment Advisory Council of Turkey (IAC) which is an international platform established to receive the recommendations of executives of high ranking multinational companies and international institutions regarding Turkish business environment.**
 - **The Coordination Council for the Improvement of the Investment Environment (YOİKK) conducts its agenda through 10 Technical Committees working on specific issues with participation of both public and private institutions.**

YOİKK - II

- **YOİKK aims to rationalize the regulations on investments in Turkey, develop policies by determining the necessary arrangements that will enhance the competitiveness of the investment environment, generate solutions to the administrative barriers encountered by the domestic and international investors in all phases of the investment process including the operating period.**
- **10 technical committees, each of which deals with different aspects of investment climate:**
 - **Company Transactions and Corporate Governance**
 - **Employment**
 - **Input Supply Strategy (GITES) and Sectoral Licences**
 - **Investment Location, Environment and Zoning Permits**
 - **Taxes and Incentives**
 - **Foreign Trade and Customs**
 - **Intellectual Property Rights and R&D**
 - **Legislation on Investment Climate and Legislative Procedures**
 - **Access to Finance**
 - **Infrastructure**

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FDI Inflow

